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3 March 1980

# Near East/North Africa Report

(FOUO 8/80)



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## NEAR EAST/NORTH AFRICA REPORT

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AFGHANISTAN

'DETENTE MURDERED' BY SOVIET INVASION OF AFGHANISTAN

Paris L'EXPRESS in French 5 Jan 80 pp 64, 65, 66, 67, 68

[Article by Pierre Doublet: "The Russians Attack"]

[Text] Detente died in 150 minutes: The Time It Took the Russian Tanks to Take Kabul. It was premeditated murder, Pierre Doublet explained.

Covered with mud, the Soviet columns that come down from the north were traveling toward Kabul and the holy Afghan cities: Kandahar in the south, Herat to the west close to Iran. T-72 tanks, armored transport vehicles, heavy 152 mm guns, "Stalin's organ pipes" [rocket projectors]. Beneath the helmets and fur caps, European faces but also others with high cheek bones, the brown eyes of Tadjiks, Uzbeks, Turkomen. For the first time since World War II, the Red Army was displaying its might beyond the communist borders.

An impressive show of might. On Christmas day, two motorized Soviet divisions crossed the Afghan border within 3 days sweeping south over roads the Russians themselves had laid out 20 years before. A series of Antonov transport planes--landing every 10 minutes--brought a whole airborne division to Kabul and Bagram, some 60 kilometers to the north. Just as during the exercise--those repeated maneuvers from Germany to Siberia, from the Caucasus to Ethiopia since mid-November.

The March Toward the Warm Seas

This time it was real. It was no longer a matter as in Africa of using Cubans as surrogates. Here--there was no precedent--the "Brezhnev doctrine" was applied to a country not even a member of the Warsaw Pact: The Russians allow themselves the right to send troops everywhere they feel their borders threatened and to leave them there "as long as necessary." In Kabul they lay down the law: They patrol the streets, they have imposed the governing authorities of their choice. An old dream which neither the tsars nor Stalin dared make reality for fear of upsetting a secular balance. Despite the risks the Kremlin upset it advisedly.

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The risk first of stirring up the Moslem world against the USSR: Saudi Arabia, the Gulf emirates--fearing that some day the Russians may take similar action in South Yemen--have already denounced the "criminal" repression of Moslem insurgents, while at the holy university of Al Azhar in Cairo the scholars of the faith are exhorting the whole world to save them from "genocide." In Iran itself, Ayatollah Khomeyni interrupted his anti-American diatribes for a moment to address his first virulent protest to the USSR. Perhaps he recalled that a 1921 treaty, never abrogated, gives the Soviet Union the right to intervene in Iran if it feels itself "threatened."

Then the risk of seeing certain alliances in Asia become stronger vis-a-vis Moscow. Horrified at the sight of the Russians in the vicinity of the Khyber Pass, Pakistan, the final obstacle in the march towards the "warm seas," is demanding arms, planes. America which has been unresponsive to it since it rushed into the race for the A bomb and allowed the American Embassy to burn down in November, says it is ready to supply it with them: "The United States will defend Pakistan, by force if necessary," Zbigniew Brzezinski adviser to President Carter, said, recalling a 20-year old treaty and until then forgotten. As for China which was sounding the alarm, it had long hoped for the United States to supply it with sophisticated equipment which Jimmy Carter refused in the name of "detente." Today, he is no longer saying no. Secretary of Defense Harold Brown who is going to Peking any day now as arranged, will doubtless talk about them and then "we will see."

For detente no longer exists. It survived the American adventure in Vietnam, the Yom Kippur War, the African crises. Now it has been buried for a long time under the mud of the convoys traveling to Kabul. It had already been winged: Ratification of the SALT II Agreements was more than doubtful, the two major powers were building up their arms more than ever and a State Department expert Kremlinologist, though a moderate, was already saying in October, "they hardly agreed on anything." This time, it really is all over. "My opinion of the Russians has changed more in 1 week than in the past 2 and one-half years," Jimmy Carter said. On 28 December, in the middle of the Afghan crisis, he picked up his red telephone to warn Brezhnev. In his reply, he said, Brezhnev lied to him. Never since the Eisenhower-Khrushchev in 1960 on the spy plane issue, had the personal relations between the two principal leaders on this planet fallen so low. And that is a very serious matter.

The Soviets, or course, had foreseen all that before rushing their troops to Kabul. It was not a question of a sudden impulse: Their plans had been drawn up for at least 3 months. They nevertheless opted for the risk: Afghanistan seemed more important to them than anything else. For two reasons: Without heavy losses in prestige with a number of their Asian or African proteges, they could not allow a revolutionary regime claiming kinship to them to collapse. And they could not tolerate the establishment of a fanatically Islamic and anti-Soviet regime on their Moslem borders with Asia. For there are 50 million Moslems in the USSR. Thirty years from now they may have doubled and one day make up the majority in the USSR.

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One-third of those 50 million inhabit three republics--Turkmenistan, Uzbekistan, Tadjikistan--which are contiguous to Afghanistan. Sunni Moslems like most of the Afghans. The same ethnic groups straddle the border. Even if on the northern side they keep quiet, well in hand for the moment, the Russians cannot tolerate the least threat of agitation on a long-term basis.

The problem had been lying dormant for over a century. If it suddenly degenerates into a world crisis, it is as the result of negligence, errors. And, especially, of an accident.

There were errors of course at the time the old Afghan kingdom played its role as a buffer state after a fashion. Three times from 1838 to 1919, the British attempted to invade it but the Afghans defended themselves on their own. On the Soviet side, two blunders which were to teach the Kremlin a lesson.

The first: In 1919 Lenin captivated by reformist King Amanullah, gave him some money, weapons. But Amanullah's modernism triggered a tribal revolt which in 1929 cast him into exile. Which led a high Soviet official half a century later to say: "If there is any country where we do not want to try out socialism, it is certainly Afghanistan."

The second: The brutality of the Russian revolutionaries in the midst of a civil war unleashed a tremendous Moslem uprising which from Uzbekistan spread throughout the area stirred up by British agents from Afghanistan. They soon gave up but the revolt was to last 10 years until 1929. It took Boudienny's planes and tanks to restore calm, but also wise concessions on economic matters and on religious tolerance. A new outburst, this time against collectivization, was not to die down until 1936.

The Ambassador Was Out Fishing

The Soviets understood that the area, a sensitive one, required tact. For 50 years the great powers were contented with the Afghan buffer state and no one really tried to disrupt the balance. At the beginning of the 1950's, Mohamed Daoud Khan, King Zahir's prime minister, considering the conditions for American aid too stiff, asked for increased aid from the Soviets and obtained it: In particular, the Russians trained the Afghan Army and built a road network in the north which the Americans hastened to complete in the south. After 1973, Daoud who had returned to power by overthrowing the king, succeeded in balancing Soviet influence by major aid from the West, including Iran. But no one wanted--nor could--turn the Afghan Government into his fief.

In April 1978 the accident happened. The Afghan communists--a handful of them--killed Daoud and seized power. Following a series of unforeseeable incidents. On 17 April a leftist intellectual was assassinated. On the 19th, 15,000 leftists followed his coffin shouting slogans. Daoud, alarmed, jailed the leaders of the PDP [People's Democratic Party]: Nur Mohammed Taraki, Babrak Karmal, Hafizullah Amin. But the latter had time to warn his officer friends, members of an armored brigade of the Kabul garrison. The 27th, the tanks



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attacked the palace, opened the prison. That very night the three men were in power hailing "their glorious ally, the Soviet Union."

The Soviet ambassador who that day was out angling on the outskirts of Kabul, returned to his embassy as soon as he could, saying he was the first to be surprised. At the time, that was considered deceitful. But today it is thought that this was so. However, there was no question of giving a poor welcome to the Afghan communists even if the USSR had always felt them to be incapable of governing.

They were soon to prove that was the case. First by tearing each other to bits: By July 1978 one of the two factions of the PPD, Parcham--the Flag--was eliminated from the government. Its ministers were sent abroad as ambassadors, among them its leader, Babrak Karmal, appointed to Prague. When they were charged with plotting and were recalled in October, they refused to return. For 18 months "plots," purges, imprisonment, executions followed one after the other in Kabul leaving only a few shreds of the PPD.

Then and especially, the Taraki-Amin regime displayed its ineptness by launching "socialist" reforms throughout the country: centralism, agrarian reform, emancipation of women, etc. On paper, all well and good. But the tribes--which the previous central government had wisely left alone--reacted very badly to that. Revolts "in the name of God" began in May 1978 against the "atheists," and a year later inflamed all of the country's mountains as in Amanullah's days.

A Plot Uncovered

The Russians came to the rescue sending ever more materiel, advisers: 2,000, 3,000, then 4,000. But they saw clearly that the Afghan Army was dwindling because of the purges, the desertions, the refusals to obey marching orders. And that the Russians by supporting that regime were making people detest them. In March, in Herat, some insurgents--the only such case--who occupied the city for 4 hours, massacred 50 of them, perhaps more, in the most terrible ways. The Russians knew it had to be stopped. But how? The Afghan Army even led by Soviet officers could not crush the insurrection militarily. At the same time there had to be a conciliatory policy as in Soviet Turkestan in the 1920's. Who would implement it? In September, an initial move failed. It was a question of having Prime Minister Amin eliminated by President Taraki, considered more intelligent. But Amin exposed the plot, liquidated Taraki and took over all of his powers.

In Kabul, the affair had a distinguished eyewitness: Colonel General Ivan Pavlovskiy, USSR vice minister of defense and commander of its ground forces. A large military mission that had come with him in mid-August, left only in mid-October. Conclusions: secret obviously. But it was from of the time of its return to the USSR that the initial arrangements for intervention were made. The Pavlovskiy mission very likely reported that only a massive Soviet contribution would prevent the triumph of anarchy in Afghanistan and that there had to be a change of "heads" in Kabul before it was too late.

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Fourteen Year-Old Youngsters

For the Amin regime was visibly falling apart. A mutiny, a successful revolt, would suffice to have the only guarantee giving intervention by the USSR--if only in its own eyes--an apparent legitimacy. Of the 50,000 Afghan soldiers that had not yet deserted, Amin could no longer definitely rely on more than 15,000. As a result the army was forced to recruit 14 year old youngsters. A major mutiny, repressed in extremis, had broken out in mid-October at a barracks in Kabul's suburbs. As for the insurrection... the Army had actually launched an offensive with two columns of 150 tanks each and with Soviet aid in two provinces bordering on Pakistan--Paktia and Konarha--which hurt the insurgents. But no sooner had the army pulled back than they regained control of the two provinces.

The Palace Burned Down

In Kabul things were not going much better. Soviet civilians were assassinated in broad daylight in the bazaar. In mid-November the population burst into cries of mourning and of rage on seeing a list of 17,000 who had "disappeared," arrested by the regime over an 18-month period and soldiers struck people right in the street with the butts of their guns to make them keep quiet.

So, spurned by everyone, Amin had to go. It seems that a Soviet minister visiting Kabul, Nicolai Talyzine tried for a final time to persuade him to do so on the afternoon of 27 December. He refused. Just as he refused--some say--being an Afghan first of all, to allow massive intervention by Soviet forces. Thousands of the latter, nevertheless, had been arriving by plane for 3 days: Isolated in a remote palace southwest of the capital, Amin believed too long perhaps that it was a matter of "advisers" and materiel.

At 1915 hours, the Russians' coup began. An explosion gave the signal: It destroyed the telecommunications and telephone center. Tanks swept down on the radio station. Others on the ministries. Still others on Amin's palace which was burning. All were Soviets. Here and there Afghan soldiers resisted. In 150 minutes, the Soviets took over the whole city at the cost, it is believed, of some 25 dead, 225 wounded. Amin died.

The operation, an eyewitness said, took place "with surgical precision": It was the work of a Soviet airborne division, the bulk of which arrived by a giant airlift maintained for 3 days starting Christmas night. The first elements had been in Bagram since the beginning of December on the pretext of protecting the airport and one unit in the north had cleared the Salant pass thereby opening the way for the motorized regiments which were going to come down from the north. "At the request," Moscow and Kabul proclaimed, "of the Afghan Government."

For there is a government in Kabul. At its head: Babrak Karmal, 50 years old, leader of the PPD's Parcham faction which, together with Taraki and Amin, mounted the Putsch against Daoud but was eliminated 3 months later. Among the new ministers: The Parcham members who like him had found asylum

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in Eastern Europe. Three officers too, former ministers of Taraki whom Amin had wanted to liquidate in September but who were able to flee thanks to the Eastern European embassies in Kabul. Will this new minister have any greater success with the Afghans?

"Butcher, Fascist"

Probably not. A brilliant orator, son of an aristocratic general, Karmal is known to have always been close to the Soviets since 1965. He was with Brezhnev when the latter received Taraki in Moscow in September a few days before his death. He and almost all or nearly all of his ministers are communists. And above all they returned to Kabul literally in the Russians' baggage. With, it appears, an upsetting delay: Karmal's first appeal to the people on the evening of 27 December announcing Amin's fall was broadcast several times over a station in the south of the USSR claiming to be Radio Kabul whereas the latter issued the appeal only a few hours later. At least 3 days after the appeal no one had yet seen Karmal...

There is no popular base. Two years ago now the Parcham had a few thousand militants--more than Taraki's Khalq--but the purges, the massive executions under Amin appear to have left barely more than some 100.

So where is the difference between Amin and him? The Afghans who hear him denounce Amin in Stalinian terms--"butcher, fascist, adventurist, antiparty" and even "taghouti" (diabolical), a favorite term of Khomeyni--are no doubt more skeptical when he lavishes his promises: respect for the "holy Islamic religion," minority rights, amnesty for all. Amin who opened all his speeches by invoking Allah, in September promised just as much.

Karmal, concerned like the Soviets about a new policy, is probably more sincere. But when he proclaimed that "there is no question of implanting socialism but merely of opening the way for it by eliminating feudalism," the slight distinction may escape the illiterate montagnard--virtually all of them are illiterate--who has taken up arms against "the foreigner and the godless."

From Peshawar in Pakistan, refuge of those in exile, the response came very swiftly: "Karmal is a pawn of the Russians. The struggle continues."

But how? Up to what point? It is true that the guerrillas cover perhaps half of the country, harassing military posts, blowing up bridges, even succeeding in the fall to cut off the highway from Kabul to Kandahar for several weeks, even launching raids on the big suburban area of Kabul. Everywhere in Afghanistan vehicles travel only in convoys and are often attacked. It is true that the rebels in the provinces adjoining Afghanistan always find refuge, food supplies and arms from their "blood brothers" whom Pakistan cannot attempt to control without itself running the risk of an insurrection.

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Helicopters Provided...

But it is also true that while seriously complicating the Afghan Government's existence and that of its Soviet protectors, the excessively disunited rebels haven't a chance of winning. With the single exception of Herat, they have never managed to occupy a city. There is no liaison, no mutual assistance among the northern Sunni Tadjiks, the Shi'ite Hazaras of the center or the eastern Sunni Pashtouns "unable to agree among themselves," an observer said, "on anything other than their hatred of the communists and of the Russians." A rebel spokesman cites seven major groups and 11 smaller ones. Doubtless omitting the tiny groups for it does happen that a squad of maquis fighters will attack another to take for themselves Russian weapons captured from the enemy and sometimes resell them. Once stripped of their equipment, the deserters are often of no interest to anyone. "Radios, helicopters, that have been seized are often delivered in the form of spare parts which are sold for a few rupees," a British photographer who has just spent 4 months among the rebels of Konarha Province, said.

Under these circumstances, it is futile to hope for the drawing up of a common strategy, even less of a program. The movements in Peshawar ranging from progressive intellectuals to the most extreme Islam, last summer received an offer of several million dollars from rich Saudi Arabs provided they became unified. Their makeshift alliance broke down in a few weeks and the Saudis, it is said, paid out nothing. Of the "foreign aid" Moscow complains about, hardly any trace of it is found on the ground.

Towards the Chinese Border

Nevertheless, paradoxically, it is the scattered nature of the guerrillas, their lack of sizable means, which have thus far reduced the Kabul government to impotence: It cannot find anyone it can strike. Even if phosphorus burns down one village after another, even if the Soviet M-24 fighter helicopters, fearsome craft spewing torrents of rockets and bullets on people who have only a few machineguns to defend themselves, even if the cold and famine today threaten vast areas, increasingly swelling the half million refugees who are piling up in Pakistan, guerrilla warfare still rages.

Will the Soviets succeed in the end? For lack of reforming an Afghan army--which for the time being seems out of the question--will they themselves to on the attack? As of Thursday nothing confirmed that they had already started to do so. Except possibly in Badakhshan, that northeastern province which plunges through the Pamir toward the Chinese border like the finger of a glove. The Tadjik insurgents which controlled it completely in mid-December, now seem involved in a counteroffensive in which Soviet aircraft has allegedly intervened directly.

As for the rest of the country: It is known that aside from the 35,000 odd Soviet soldiers already there, two additional motorized divisions--according to American observation--are massed north of the border and that sizable air strength is concentrated there. It is also seen that the Soviets could not

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end the Afghan guerrilla warfare without running the risk of serious incidents on the Pakistani side: Once started, will the machine ever stop? In this region accidents happen swiftly. Sometimes without anyone gauging their effect accurately. And in no time they are no longer under control.

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ALGERIA

POLITICAL SITUATION IN COUNTRY ASSESSED

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 25 Jan 80 pp 177-178

[Text] With the approach of the first anniversary of the seizure of power by President Chadli Bendjedid, Algeria is at the stage of drawing up a balance sheet. On the whole, this balance sheet is not too unfavorable: the government crisis which was announced by certain persons has not taken place; the conduct of public affairs was handled perfectly; and the gradual renewal of political life is occurring without major problems.

The commemoration of the death of President Boumediene was dignified and fervent. However, those who had the opportunity to observe the extraordinary exaltation of youth at the time of the chief of state's funeral and who compare that with the very official, classical character of the remembrance ceremonies conclude that national feelings have cooled considerably. The name of President Boumediene was given to several prestigious institutions, such as the University of Bab and Zouar; however, there is no visible orientation in the direction of an "eternal chief" cult of the Kemal kind in Turkey, homage moreover which Houari Boumediene certainly would not have wished.

In this we can see the very satisfactory signs of the continuity of the state and party above and beyond the considerations of persons and of the footing which President Chadli Bendjedid has now assured for himself. However, in the minds of certain citizens of the Algerian republic there still persists the feeling that the real hero of independence continues to be Ahmed ben Bella, whose living conditions have indeed been improved but who is still being arbitrarily deprived of freedom of movement, speech and participation in public life.

The dogma of the single party, in fact, has not totally caused the disappearance of certain amount of political compartmentalization, inherited from the tribal past. In the eyes of many Algerians, the political balance attained after the death of President Boumediene, as a matter of fact, conceals a secret but very active competition among clans, which was placated for a time by a kind of dividing up, but which reportedly was not long in manifesting itself again and of which the recent partial reshuffling of the government, indeed, seems to be the latest sign.

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Very Partial But Very Significant Ministerial Reshuffling

The reshaping of the government was necessary because the Waterworks Department, which everyone agrees should be given increased attention, had been vacant since the firing "for lack of government discipline" of Sid Ahmed Ghazali. On 13 January, this ministry was given to Brahim Brahimi, senior officer, previously secretary of state for forests and reforestation, who was already in the position on an interim basis. A young agronomist, recently elected to membership on the Central Committee of the FLN, Mohammed Rouighi, replaces Brahim Brahimi, which gives a certain amount of satisfaction to the experts, astonished at having seen all of the organizations of the agricultural sector headed by political personage authorities.

However, along with the reshaping of the government, there are two measures of quite different significance: the chief of government ceases to also fill the position of minister of interior, and the two posts of minister-counselor to the president of the republic have been eliminated.

Boualem Benhamouda, member of the Politburo, becomes minister of interior. An attorney by training, he had been part of the government from 1965 to 1979, successively heading Former Combatants, Justice and Public Works; then he had been president of the important permanent Education, Training and Culture Committee.

Is the lightening of the heavy duties and responsibilities of Mohammed Abdelghani a misfortune? This could be interpreted as a function of the need to strengthen the structures of the maintenance of public order and facilitate dialog with the minister of national education: the persistence of the strike in the Arabized sections of the university by students who observe that these "university channels" [filieres] will not get them employment and the increasing activity of integrationist Islamic movements are, in fact, among the concerns of the day. The day after the ministerial reshuffling, President Chadli Bendjedid issued a public warning to the "factional elements" which "are full of lessons of Arabism, Islam or nationalism...which take advantage of the enthusiasm of youth...and are being manipulated by foreign hands." On 16 January, the police removed all posters and streamers from the walls; it is obvious that from now on the authorities intend to be firm, if not rigorous.

Some persons note that the prerogatives of the prime minister, who is to leave the presidency of the council of ministers to the chief of state, are already so minimal that the decrease in functions of Abdelghani of necessity involves a degree of disavowal. If such be the case, during 1980 we can expect a much more substantial ministerial reshuffling.

By elimination of the positions of minister-counselor to the presidency, Ahmed Ibrahimi, who was one of them, becomes available for the Education, Training and Culture Committee of which he will be president in replacement of Banhamouda [as published]. He will also be president of the

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Information Committee, which has not yet been filled. Son of Sheykh Bachir Ibrahimi, who was the companion and successor of the illustrious Abdulhamid ben Badis as the head of the "Algerian Ulemas" and himself known as a reformist personality of Islam, Ahmed Taleb Ibrahimi could play a role in the restoration of national education. For the moment, the latter is being managed at all echelons by ministers who are resolutely in favor of Arabization, a theory which is light of the difficulties of practical application should perhaps undergo changes and attenuations.

However, another minister-counselor position was held by Abdelaziz Bouteflika; the latter, whose name does not even appear in the communique, by virtue of elimination of this position, no longer is a member of the Party's political committee. Formerly minister of foreign affairs, entrusted with the full confidence of President Boumediene, Bouteflika had seen his star dim after the death of the latter; he had been considered extremely ambitious; and, rightly or wrongly, he generally is looked upon as the inspirer of a clan with a "Westernizing" orientation. His state of health, which forced him to undergo two serious operations, may explain the fact that for several months he was rarely "in the news," did not attend the deliberations of the Council of Ministers and, unlike the other personalities of the government, was not responsible for any temporary mission vis-a-vis foreign chiefs of state. It is true that he had finally participated in the second session of the Central Committee. However, the Algerian public in general feel that this too ambitious and too active personage decidedly was disturbing to the holders of high authority.

Be that as it may, the sidelining of Bouteflika threatens to change the subtle balance of the clans which, during 1979, had permitted the installation of new government teams. Obvious since the outset, the decrease in influence of the "Bouteflika faction" was masked by this assignment to a position as minister-counselor which permitted the former head of the diplomatic corps to turn to account his knowledge of international affairs vis-a-vis a president with little experience; however, the recipient of this relative opening out did not wish, or was unable, to profit from it.

On the other hand, the activist who was considered the inspirer of an entirely different "faction," Mohammed Salah Yahiaoui, party coordinator, is engaged in great activity. This does not prevent his critics from accusing him of ineffectiveness: voluntarism seems difficult to get started again; consequently, the purification campaign is tailing off; a rank-and-file organization which was being counted on to make the Party more dynamic, the UNJA (National Union of Algerian Youth) has shown itself to be incapable of influencing the course of the conflict roused by the Arabizing students. In response to which supporters of Yahiaoui put forward the success of the second session of the FLN's Central Committee, which was greatly publicized.



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Great Public Interest in the Very Important Central Committee Session

The very active comments generated among the Algerian public by the ministerial reshuffling on 13 January and the president's speech on 14 January confirm the growing interest of citizens in public affairs, an interest which had already been manifested at the time of the second session of the FLN's Central Committee (28-30 December).

The present government team has done a lot to arouse this interest by assuring more complete information than formerly. Every Council of Ministers now issues a reasonably complete report. The press and radio give broad coverage to the debates in the National Popular Assembly, and to the most important aspects of the deliberations of the permanent committees of the printed media, are refraining from highlighting the most important aspects of official reports. Perhaps it is a matter of avoiding the possible unleashing of instantaneous passions; the authorities doubtless would like the citizens to become accustomed to referring to the texts, analyzing them and thinking about them. The immediate result of this manner of doing things seems in fact more general recourse to the newspapers, whose editions carrying analysis of the resolutions of the second FLN congress were for several days in a row sold out in the first few hours.

The general policy resolution adopted at the end of the work of the second session of the Central Committee is made up of almost equal considerations of internal policy and foreign affairs.

The Central Committee attaches great importance to the establishment of the Party's structures; in this regard, it notes that several stages have been passed through and several renewals have taken place or are taking place. A new examination of the organization of enterprises, study of the state's exercise of its new monopoly over foreign trade, etc. are going to be carried out effectively, thanks to the installation of permanent committees of the Central Committee and various other organizations. The installation of Party rank-and-file structures, the renewal of its nucleuses, election of new Popular Assemblies for communities and wlayahs will permit the Party "to exercise its authorities, as regards leadership, at all levels and in all sectors"; the establishment of Party nucleuses in the enterprises will complement this apparatus and will, moreover, assure that "the battle of production and management will be won."

Lively interest was taken in the measures announced by the president "to respond to the pressing demands of the working masses and their essential needs," particularly the provisional increase in wages; at the same time, an appeal was made for the redoubling of efforts "to go beyond the negative aspects and shortages which characterize development in the present stage." It is also to the "daily needs of the popular masses" that the Committee's resolutions respond in the sectors of housing, waterworks, education and training.

The "positive results" of the first stage of the fight against the social scourges; i.e., the purification operation, will encourage continuation

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of this work. "Shortages, deviations and negative behaviors" should be combatted effectively. The future plan (which will be the subject of the work of a third session of the Committee) should avoid the "inadequacies of evaluation" which characterized the previous plans; the efforts to be exerted in the planning sector, at the various echelons, are carefully expressed.

As regards foreign policy, the work of the Central Committee could not entail very startling new ideas. One will note the place occupied by the question of the Western Sahara, whose people are enjoying the solidarity of the Algerian people "in their struggle for total liberation and the exercise of their right to self-determination and independence." Greetings were addressed to the Iranian revolution. There was insistence once again on the urgent need for installation of a new international economic order. Finally, emphasis should be given to the statement "of Algeria's desire to reach an agreement on the totality of questions which constitute the backdrop of Algerian-French relations on the basis of mutual respect and balance of interests."

Recasting of the "Socialist Village" and "State Property" Session

Drawing up a quick balance sheet, President Bendjedid stressed the need for more rigorous control over and an increase in production. He reaffirmed that "the problem of options has not been posed; there is only one option, the socialist option...."

As for housing, very long reports prepared by the Central Committee contain many critical observations; the persistence of present demographic growth, it is noted, "would be a heavy burden for the economy...and would limit all the development efforts"; also a "policy for the control of demographic growth" must be instituted. If the building of socialist villages is to be intensified, their design and location will be revised, which, according to certain indications, would lead to the renunciation of concentrated housing and dispersal of the renovated hamlets in the form of constellations around a "services center." Finally, the self-construction effort will be encouraged, and the state-owned houses could be ceded to their occupants; this last-named measure, which is of a nature to attenuate inextricable difficulties, will become operable on the basis of laws and regulations to be drawn up but which, it seems, will be promulgated on an emergency basis.

To satisfy the needs for potable, agricultural and industrial water on an emergency basis, "a long-term, complete and integrated plan" will be drawn up. Similarly, a long-term, overall plan will be established for higher education "on the basis of democratization, Algerianization and Arabization...a national, operational Arabization program will be drawn up in the sectors of education, higher learning and training with a perspective of complementariness for Arabization of the sectors of production and administration." A university Arabization center will be established for the translation of foreign reference materials. A university will be established in every wilayah. Particular attention will

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be attached to the training of women "in sectors suitable for them." Religious education will be integrated "in all stages of education." In all these sectors, as President Bendjedid stated in his 14 January speech, the authorities feel they are doing their duty and do not have to receive lessons from anyone.

In addition to an immediate raising of wages and allowances, variously scaled, it was decided to equalize basic agricultural and industrial compensation. Along with the new design of the socialist villages, this measure should ease the problems of agriculture. Algerian public opinion is sensitive to this, as well as to the possibility of purchasing "vacant properties" by the families occupying them and with whom the administration was in continuing conflict, being unable to provide them with the services owed them nor the regular return of rental charges, nor ensure the minimum necessary maintenance. These are the signs of a more realistic view of things. Even if it does not intend to change its option, the Algerian government is making ready to further accentuate the already appreciable development of its style.

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ALGERIA

POSSIBILITIES OF RESUMPTION OF COOPERATION WITH FRANCE EXPLORED

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 25 Jan 80 p 188

[Text] On the basis of the improvement in the French-Algerian political climate which has just been underscored by the official visit to Paris of Mohammed Seddik Benyahia, Algerian minister of foreign affairs, France seems to have a better chance of regaining the ground lost during the last 5 years in the Algerian market to its American and West German competitors.

The progress made in 1979 in commercial exchanges, which had been deteriorating since 1975, seems to be the harbinger of rectification, which could in time result in the reestablishment of such exchanges, after 7 years of increasing deficit in the Algerian balance of trade. The most important "blocking" factor in the commercial relations between the two countries--the Algerian commercial deficit being the key piece in the economic problem area--would thus be eliminated.

It is anticipated in French quarters that this balance so urgently being sought by Algiers could finally be brought about in less than 3 years, when France begins to import massive amounts of natural liquified gas from Algeria. These gas purchases, which now represent 25 percent of France's total imports (5 million tons of oil and 1 billion cubic meters in 1979) would be increased to 9 billion cubic meters in 1984, with the same volume of oil, which would reverse the commercial imbalance in favor of Algeria.

Observers feel that the time is all the more propitious for a renewal of French-Algerian economic cooperation because Algeria is getting ready to launch its first 5-year plan (1980-1984) the financial package for which will total about 350 billion francs. On the French side, it is admitted that Algeria now seems better disposed toward French businessmen, although its principal concern continues to be diversification of its

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economic partners. The renewal of business relations between the two countries, however, continues to be broadly conditioned by the settlement of the totality of the problems in suspense between the two countries, the principal object of the visit to France by the chief of the Algerian diplomatic corps.

Thus, the fate of many contracts, which are in the process of negotiation between France and Algeria and which are said to total 20 billion francs, according to a French source, would depend upon the upcoming Algerian 5-year plan and, doubtless, the results of the French-Algerian pourparlers in progress on the points of difference.

In a related development, several offers by French construction companies, for the building of tens of thousands of houses in Algeria, are virtually blocked by the Algiers authorities, despite exceptional financing conditions offered by the French side. It seems that the Algerian authorities are reexamining the formula envisaged at the outset for the association of Algerian and French companies in the form of "joint and solidarity oriented groups" for the execution of part of the program of 100,000 new houses. There, too, one does not exclude the possibility that this sector, in which there is emphasis on the relations between the conditions to be established and the reintegration of the Algerian emigres in France, will be unblocked as soon as there is definition of a new framework for cooperation policy between the two countries.

The "big economic committee" whose establishment has just been approved in Paris should help with development of cooperation in this sector. Let us recall that in our edition of 5 October 1979 we published an article devoted to the foreign exchanges of Algeria and the development of relations with France.

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ALGERIA

COUNTRY'S OIL STRATEGY REVIEWED

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 25 Jan 80 pp 188-189

[Text] Reduction of Crude Oil Exports

Algeria's oil strategy, which since independence has determined the rate of its economic development, is now at the crossroads, after the recent appeal by the highest Algerian authorities for the preservation of the Saharan oil wealth, according to observers in Algiers quoted by the AFP in a recent article (see MARCHES TROPICAUX ET MEDITERRANEENS dated 11 January, p 72).

Algeria, it was stated, finds itself face to face with a double imperative which over the long-term conditions the profile of its oil production, the subject of a debate which is now taking place at the country's highest political level. It is a question of resolving the thorny equation of the compatibility between the present and vital function assigned to the oil resources as the "sponsor" for accelerated industrialization of the country and the strategical imperatives of energy independence with Algeria will of necessity face beginning in the next decade, once its economic takeoff is assured.

Limited Oil Resources

In the light of the world energy crisis whose aggravation it fears, Algeria seems abruptly to have become aware of the future fragility of its energy independence, concomitant with increased domestic needs brought on by development. At its present rate of export, which totaled 52 million tons in 1979, its oil reserves, evaluated at 1.1 billion tons, will be exhausted in 20 years; i.e., at the time the installed industrial apparatus will attain its optimum consumption of energy products.

Such consumption, currently estimated at 5 million tons, will total 14 million tons in 1985. Based on the hypothesis of a greater increase in this consumption, in 19 years, account taken of a stabilization of crude oil exports at their present level, Algeria would then become, in less than 20 years, an importer of crude oil. Such a situation would weigh heavily on its economic independence and would reduce the effort it will have made over several decades to assure this very independence.

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However, the other factor in the equation is far from being negligible to the extent that it conditions the economic future of Algeria, more than ever dependent on the revenues which its oil exports bring it in foreign exchange (\$10 billion in 1979, compared to \$6 billion in 1978). Almost all the imports of capital goods needed for industrialization are financed out of these revenues. Also, a brake on the export of oil would slow the rate of the country's development without affecting repayments of international loans contracted during the preceding decade.

Algeria decided several weeks ago to reduce its exports of crude oil and replace them progressively with sales of refined products (MARCHES TROPICAUX ET MEDITERRANEENS dated 19 October 1979, p 2816). The country's largest refinery, which has just been installed in Skikda, will produce 7.5 million tons for export in 1980. Beginning next year, the refinery will attain its full capacity (15 million tons per year).

A Problem of Price For Gas

As regards natural gas, the reserves of which are estimated at over 5 billion cubic meters, the Algerian authorities are more at ease concerning its future. Internal consumption for domestic and industrial use, estimated at 3 billion cubic meters, with a growth rate of 16 percent (greater than that of oil) is being frankly encouraged to spare the reserves of crude oil as much as possible.

However, it is in the sector of exports of liquefied natural gas (LNG)--which totaled 14 million cubic meters in 1979 and represent barely 10 percent of the hydrocarbons revenues, compared to 75 percent for crude oil and 15 percent for concentrates--that the problem is posed with acuteness. In fact, these exports require considerable investments and very costly installations with up-to-date technology which, it is said in Algiers, contrast with the too-low prices at which Saharan gas is sold, particularly to American customers (MARCHES TROPICAUX ET MEDITERRANEENS dated 28 December 1979, 3669).

The bitter experience of the Skikda liquefaction plant, which was placed in operation over 2 years behind schedule, then the more recent "LNG 1" plant at Arzew, which cost Algeria four times more than anticipated, has caused the authorities to be more prudent.

If the "LNG 2" plant now being constructed is completed in spite of the vicissitudes of its predecessor to bring the country's export capacity in 1984 to 44 billion cubic meters per year, the problem of LNG continues unresolved. Negotiations for the upward revision of liquefied gas prices in the sales contracts signed by the National Company for the Transport and Marketing of Hydrocarbons (SONATRACH) with its customers are underway and will be decisive for the continuation of a broader program for the export of liquefied natural gas.

The FLN Central Committee, when it made a statement a few weeks ago on the need for "strategical national reserves of hydrocarbons" to guarantee "the country's long-term supplies," seems to have compromised the plan made 3 years ago which were to make Algeria the largest exporter of LNG in the world.

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ALGERIA

EXPORT OF GAS TO NETHERLANDS JEOPARDIZED

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 18 Jan 80 p 129

[Text] Will or will not the Netherlands import Algerian natural gas? The question has been raised because the controversy engendered by the choice of Eemshaven as the port of reception for Algerian methane gas and not Rotterdam as wished by certain economic quarters has not yet been settled. In fact, certain Dutch sectors have mentioned Algeria's intention of refusing to sell natural gas to the Netherlands in all likelihood because of important difficulties in the acquiring of the financing for the necessary liquefaction plant. It is known that at the beginning of 1979, the Dutch minister of economic affairs had given his approval for a new postponement of the signing by Algeria of a contract for the delivery of methane to the Netherlands which beginning in 1983 would total 5.6 billion cubic meters of gas per year for 20 years while a credit of 250 million florins was granted to SONTRACH for a period of 10 years.

It was generally expected that Mr Van Aardenne would bring this to the attention of Parliament; however, this seems to have been postponed, giving free rein to speculations.

It seems likely that new problems have arisen in the financing of the Arzew liquefaction plant, despite the financial participation of the Netherlands, bringing into question the very construction of the liquefaction plant. SONATRACH is said to feel that it is more rational to deliver the methane to Italy through the existing gas pipeline; reportedly, Italy is giving up an equal amount of its natural gas imports from the Netherlands.

An agreement of this kind in a way is said to be the counterpart of the one concluded between Distrigaz-Belgique and GDF [French Gas Company]; however, the problems reportedly are attributable not to the importing company but rather the exporting company (see MARCHES TROPICAUX ET MEDITERRANEENS dated 12 October 1979, p 2755, and 21 December 1979, p 3611).

The hypothesis of procrastination due to tensions on the liquefied hydrocarbons market should not, however, be rejected; some observers feel, in fact, that Algeria could revise its policy as regards the export of gaseous hydrocarbons.

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ALGERIA

BRIEFS

JAPANESE GAS CONTRACT--An industrial source in Tokyo announced that the Japanese company, Showa Denko K.K., has just signed a 5-year contract with SONATRACH for the import of Algerian natural gas. The contract, which becomes effective this year, provides for the delivery of about 58,000 cubic meters of liquefied natural gas per year. Showa Denko did not supply any details about the conditions of the contract; however, the experts think that the import prices will be reviewed every quarter and will be set at a level slightly higher than the price of Algerian crude oil. [Text]  
[Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 18 Jan 80 p 128]  
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TUNISIA

MAIN LINES OF STATE INDUSTRIAL POLICY OUTLINED

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 11 Jan 80 p 73

[Text] During the recent budgetary debate in the Tunisian National Assembly, Amor Rourou, minister of mines and energy, had the opportunity to recall the guidelines of state policy in this sector and to underscore its importance which, as a whole, "progresses 12.4 percent per year, participates in the GNP at the rate of 12 percent, provides 43 percent of the jobs established and alone engenders 20 percent of the volume of total investments made."

The newspaper, L'ACTION, in its account of the parliamentary session, reported ministerial statements which relate that industrial policy is geared primarily to the creation of jobs for young people and on-site transformation of raw materials available in the country to give them an added value before eventual export. Thus, the industrial policy is designed to reduce dependence vis-a-vis the foreign sector by gradually attaining the objective of self-sufficiency.

State policy as regards industrialization is based on encouragement of private promoters and on direct state intervention in the carrying out of projects in which the private sector is unable to participate with its resources alone. Rourou recalled the many advantages given to export industries.

In this connection, the minister gave assurances that wages paid by companies established within the framework of the April 1972 law are clearly higher than the interoccupational guaranteed minimum wage. He emphasized that it was normal for these export industries to employ a female workforce because in general these involve textile or clothing plants. However, he did report that the government intended to diversify these industries even more, by giving priority particularly to the mechanical industries, so as to create a greater number of jobs for young people. Along these lines, he said that the export industries had up to now permitted the creation of 23,000 jobs and were continuing to add an average of 4,000 supplementary positions per year.

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The direct intervention of the state in the industrial sector is reflected in the execution of big projects the cost of which cannot be sustained by private individuals alone. In this context, Rourou said that a second sugar mill will be built in 1980 in Sidi Ben Bechir and that the choice of this region was explained by the fact that it is close to the lands irrigated by the Bouheurtma dam which will permit production of 300,000 tons of sugar beets, production that will be entirely absorbed by this industrial plant. The production capacity of this plant, the minister emphasized, will total 41,000 tons of white sugar, which will permit coverage of one-third of the needs in this sector, with two-thirds being covered respectively by the refining in Beja of imported raw sugar and by the import of the finished product.

Moreover, the Sidi Ben Bechir refinery will produce 25,000 hectoliters of alcohol and will reduce Tunisia's dependence on foreign markets and will give new impetus to development activities in the northwestern region, which is experiencing an economic slowdown vis-a-vis the other regions of the country.

As regards construction materials, Amor Rourou said that two cement plants will be built in 1980, one in Enfida and the other in Jebel El Oust, each of which will permit production of 1 million tons of cement. Two lime plants will also be installed during the same year in Thala and Mazzouna. A white cement plant, a product necessary for tiling, will also be built. Once these plants are built, Tunisia will be self-sufficient in the construction materials sector.

Rourou also reported that 1980 would witness the start of the SEPA-2 [Phosphate and Nitrogenous Fertilizers Company] expansion of the Bizerte oil refinery and construction of a second tire plant.

In the mining sector, the problems encountered relate to the methods of exploitation which must be reviewed in the light of developments of modern technology. The rate of industrialization of the phosphates sector will soon be increased from 60 to 70 percent.

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TUNISIA

STATE BUDGET FOR 1980 DESCRIBED

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 18 Jan 80 pp 129-130

[Text] The year 1980 is the 4th year of execution of the 5-year Tunisian Economic and Social Development Plan (1977-1981). It is a pivotal year which reports in an overall way on the achievements of the plan and which lays the groundwork for the next plan.

The Operating Budget

The state operating budget for 1980 is characterized by an economy of expenditures, coupled with administrative savings and a sustained effort in the social sector.

Total revenues are estimated at 751.6 million dinars (MD) (1 Tunisian dinar is equal to about 10.66 French francs), compared to 675 MD (actualized) in 1979. The increase would be 11.3 percent and would come from a combination of 16 MD direct taxes, particularly taxes on profits from the exploitation of oil and taxes on wages and salaries, and 42.3 MD of indirect taxes.

In the expenditures sector (536.6 MD), an increase of 10.9 percent is listed under salaries, subsidies and purchases of goods and services. The budget is practically balanced since the ordinary budget makes a contribution of 215 MD to the capital budget, that is coverage of capital expenditures on the order of 47.7 percent, an increase of 10.3 percent compared to the expected level for 1979 (195 MD, actualized figure).

The Capital Budget

The capital budget for 1980 is made up at one and the same time of state program credits (282.7 MD), commitment credits (481 MD), as well as payment credits (450 MD).

The program credits encompass new projects and programs (273.9 MD), as well as reevaluation of projects under way (8.9 MD).

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#### Resources

Revenues anticipated under the heading of equipment budget total 450 MD, compared to 380 MD in 1979, that is an increase of 18.5 percent in relative value and 70 MD in absolute value. This figure exceeds the provisions of the 5-year plan (397 MD). The increase is 53 MD (+13.3 percent).

--Internal revenues represent 82.1 percent of the total resources (89.2 percent in 1979). Some 57.1 percent of the resources under the heading of equipment bonds come from subscriptions from the banking sector (62.3 MD).

--External resources, estimated at 80 MD, permit coverage of capital expenditures in the amount of 17.9 percent (compared to 10.8 percent in 1979). The share of gifts and transfers is continually decreasing because of Tunisia's noneligibility for this kind of financing. Finally, the discontinuance of the fishing agreement with Italy explains the annulment of appropriations involving transfers.

--Loans not appropriated (11 MD) come basically from France (6.4 MD) and the United States (3.3 MD).

--Committed and uncommitted loans by sector and source of financing are broken down as follows: gifts and transfers: 1 MD; unappropriated loans coming principally from France (6.4 MD), U.S. (3.6 MD), China, the Netherlands and Belgium; project loans coming principally from the IBRD [International Bank for Reconstruction and Development] (7.1 MD), the FRG (3.4 MD), Kuwait (3.1 MD), Saudi Arabia (5 MD), OPEC (3 MD) and the U.S. (3 MD). Loans to be issued on the international financial market will total 42.5 MD.

#### Expenditures

Commitment credits are estimated at 481 MD (compared to 385 MD in 1979). The increase (96 MD) involves direct investments of 66 MD, financial operations totaling 19 MD and public debt of 11 MD.

Expenditures under the heading of direct investments and financial operations reflect an increase of 56 MD vis-a-vis the provisions of the plan for the year considered.

Without regard to the public debt, the share represented by financial operations in the totality of expenditures is 47 percent (50 percent in 1979). As for the share of direct investments, it is 53.2 percent (compared to 50 percent in 1979).

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## Expenditures of the Capital Budget (in millions of dinars)

	<u>Commitments</u>		%	<u>Payments</u>		%	5-yr Plan
	1979	1980		1979	1980		
Direct investments	169	235	50	164	204	53.2	184
Financial operations	<u>160</u>	<u>179</u>	<u>50</u>	<u>160</u>	<u>179</u>	<u>47</u>	<u>143</u>
Total (above)	329	414	100	324	383	100	327
Public debt	<u>56</u>	<u>67</u>	--	<u>56</u>	<u>67</u>	--	--
Total	385	481	--	380	450	--	--

With regard to direct investments, commitment credits in the amount of 66.4 percent involve new projects principally benefiting the Ministry of Equipment (45.2 MD) for the building of fishing ports and dams, as well as the Ministry of Planning for Rural Development (20 MD) and, finally, the Ministry of Agriculture (18.6 MD) for irrigated lands and forest projects.

The public debt is broken down as follows: internal debt 41.9 MD (62.5 percent); foreign debt 25.1 MD (37.5 percent). The total of capital reimbursements of the public debt experienced a decrease of 11.9 MD for the period 1977-1980, decreasing from 220 MD (5-year plan) to 208.1 MD. Interest decreased from 166.6 MD to 150.3 MD (-16.3 percent).

## Distribution of the 1980 Budget (in 1,000 dinars)

	<u>Capital Budget</u>				<u>Operating Budget</u>	
	<u>Commitment</u> 1979	1980	<u>Payment</u> 1979	1980	1979	1980
National assembly	--	--	--	100	770	1,076
Presidency of the Republic	253	150	628	600	2,720	2,793
Prime minister	70	325	200	245	5,920	6,184
Justice	364	697.7	870	1,283	5,250	6,084
Foreign affairs	650	1,100	650	1,100	10,720	12,030
Interior	6,158	6,430	7,870	6,650	40,700	47,373
National defense	25,319	34,700	22,174	31,791	40,300	45,464

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	<u>Capital Budget</u>				<u>Operating Budget</u>	
	<u>Commitment</u>		<u>Payment</u>			
	<u>1979</u>	<u>1980</u>	<u>1979</u>	<u>1980</u>	<u>1979</u>	<u>1980</u>
National education	15,467.8	9,756.4	8,589	9,880	110,700	121,713
Superior education and scientific research	11,500.5	6,098.8	14,791	13,760	28,050	31,802
Information and cultural affairs						
Information	124		169		6,757	7,700
Culture	462	1,552	1,080	1,442	4,845	5,476
Finance	56,427	68,407	57,509	68,550	227,175	300,538
Equipment	55,624	74,145	38,900	58,350	14,670	18,211
Agriculture	15,412	24,200	19,513	20,200	36,100	41,062
Planning	180,200	199,200	177,200	196,200	1,670	1,824
Public health	6,905	14,311	14,100	13,800	51,462	58,873
Transportation and communications	1,239.3	602	987	799	6,330	6,995
Mines, industry and energy	215	222.1	400	176.5	2,540	3,045
Commerce	96	113	119	113	3,355	3,818
Social affairs	--	127	71	206	11,840	13,509
Youth and sports	777.9	1,024	1,315	1,638	10,016	11,430
Unforeseen expenses	4,451.1	3,760.9	3,709	2,566.5	3,000	4,600
Budget annexes						
Transportation and communications (communication section)	12,246.5	31,295.6	9,946	17,400	--	--
Radiobroadcasting-television	1,488	2,782.4	2,710	3,150	--	--
Grand Totals	384,950	481,000	383,500	450,000	625,100	751,600

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TUNISIA

STB ACTIVITIES FOR FISCAL 1978 REVIEWED

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 11 Jan 80 p 73

[Text] At the end of its 1978 fiscal year, the Tunisian Banking Company (STB), in spite of very lively competition, has consolidated its position as the number one commercial bank in Tunisia, with 1,602 employees, 53 branches, 31.3 percent of the total volume of deposits in the banking system and 34 percent of the financial support [concours] given to the national economy.

Its 31 December 1978 financial statement reflects a total of 525.4 million dinars, an increase of 26.4 percent over the figure for the end of December 1977. Funds collected from clients (deposits, current accounts and savings accounts) totaled 213.1 million dinars at the end of the fiscal year, an increase of 34.1 million dinars over the end of 1977. Committed bank funds [l'encours des emplois] (discounted bills equipment bonds and advances and loans to construction) totaled 317.8 million dinars, an increase of 11.5 percent over the end of 1977.

The line item "joint financial ventures," after several movements, reflected a 1.2 percent decrease.

The "foreign" specialized department experienced an expansion of its operations: 212.3 million dinars of import financing (+5.8 percent) and 102.2 million dinars of export investments (+10.5 percent), despite the restrictive measures taken by the EEC [European Economic Community] with regard to Tunisian textile products and the problems of marketing and placement of olive oil and phosphates and derivatives.

Exchange operations also reflected a strong advance: +29.6 percent in the purchase of foreign exchange and +57 percent in sales.

After amortizations, margins [provisions] and taxes, the 1978 fiscal year reflected a net profit of 3.3 million dinars (+13.6 percent over 1977), of

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which the general assembly on 19 May 1979 decided to distribute a dividend of 10 percent on capital, which during the fiscal year increased from 4 to 8 million dinars, assorted capital consisting of 13.2 million dinars in reserves and margins.

Habib Ghenim is the director and general manager of the STB. He is assisted by two deputy directors, Brahim Anane and Mohamed Moncef Maaoui.

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TUNISIA

BNT ACTIVITIES FOR FISCAL 1978 REPORTED

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 25 Jan 80 p 189

[Text] The financial statement of the National Bank of Tunisia (BNT) as at 31 December 1978 totaled 378.2 million dinars (1 dinar = about 10.50 francs) an increase of 26.5 percent over the figure for the end of December 1977 (see MARCHES TROPICAUX ET MEDITERRANEENS dated 16 November 1979, p 3200).

The volume of deposits (sight and term and savings accounts) totaled 127.4 million dinars at the end of the fiscal year, an increase of 37.1 percent. The BNT's share of the total deposits collected by the Tunisian banking system increased from 16.1 percent at the end of 1977 to 18 percent at the end of 1978.

Despite the increase in client funds, the development of financial assistance (concours) to the economy distributed by the bank necessitated greater recourse to refinancing at the Central Bank of Tunisia, such participation totaling 35.4 million dinars at the end of 1978 compared to 27.6 million dinars 1 year earlier.

On the other hand, the favorable monetary situation of the treasury at the end of the fiscal year permitted the bank to be present on the monetary market (8.1 million dinars), while at the end of 1977 the bank was a borrower (9 million dinars).

As at 31 December 1978, committed funds of the BNT (discounted bills, advances and loans) totaled 221 million dinars, an increase of 18.2 percent over the end of 1977. BNT's share of all credits granted by the Tunisian banking system totaled 23.7 percent at the end of 1978, compared to 22.8 percent 1 year earlier. Of the financial assistance provided by the BNT, agricultural credits totaled 33.8 million dinars (+19.8 percent). Advances covering the marketing of agricultural products totaled 38.4 million dinars (+31.1 percent); the principal activities involved the financing of the National [Olive] Oil Office and the Office of Grains; the financing of wine production, on the other hand, experienced a decrease compared to 1977.

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In foreign operations, the National Bank of Tunisia's activities in 1978 in the import and export sectors totaled 288 million dinars (+20.3 percent); the BNT's share thus increased from 20.4 percent to 21 percent from one fiscal year to the other.

The development of activities and the opening of 16 new branches, to replace dissolved local mutual credit banks, necessitated an increase in personnel which totaled 1,168 agents at the end of 1978.

Gross operating revenues increased from 12.3 million dinars in 1977 to 16 million dinars in 1978. After amortizations, margins and taxes, the 1978 fiscal year produced a profit of 1.6 million dinars (+7.2 percent over 1977), and a dividend of 10 percent was distributed on capital which during the fiscal year increased from 1.6 million to 6 million dinars. This capital is made up of 13 million dinars in reserves and margins.

The council of administration of the National Bank of Tunisia includes three direct representatives of the Tunisian state, Office of Marketing, Office of Grains, National Office of [Olive] Oil and the Tunisian Agricultural Insurance Fund; it also includes two Tunisian personalities. Mohamed El Beji Hamda is the president and general manager of the BNT.

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TUNISIA

PHOSPHATE, NITROGENOUS FERTILIZER PLANT OPENED

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 25 Jan 80 p 190

[Text] Prime Minister Heidi Nouira, as we have reported (MARCHES TROPICAUX ET MEDITERRANEENS dated 11 January, p 73), on 4 January solemnly inaugurated the first section of the Arab Phosphate and Nitrogenous Fertilizers Company (SAEPA) in the industrial region of Ghanouch (Gabes). As a supplement to the information given on that occasion, particularly on the subject of production capacities (two 1,500-tons per day sulfuric acid plants, two 500-tons per day phosphoric acid plants, one 1,000-tons per day diammonium phosphate plant), it should be remembered that the SAEPA 1 complexes, totaling 800 million francs, was built under a turnkey contract by Heurtey Industries. The plant, which went into production in September 1979, is now in industrial operation. Its production of fertilizers is destined for the Tunisian market. As for the production of phosphoric acid, part of it is destined for the domestic market and the rest for the world market, particularly Italy, Greece, Turkey, Pakistan and Indonesia.

In their speeches, Heidi Nouira and Ali Boukhris, president of the SAEPA, emphasized the effectiveness of Heurtey Industries that built this plant within the scheduled time frame, which became operative very quickly.

In a related connection, let us recall 60 percent of the stock of the Arab Phosphate and Nitrogenous Fertilizers Plant (SAEPA), a Tunisian corporation, is held by the Tunisian state and 40 percent by the Abou-Dhabi Fund (EAU). This is in accordance with an agreement signed in Tunis on 19 May 1979 (MARCHES TROPICAUX ET MEDITERRANEENS dated 25 May 1979, p 1297) which involved a change in the incorporation of the former SEPA (Phosphate and Nitrogenous Fertilizers Company).

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BRIEFS

COOPERATION WITH IRAQ--An Iraqi delegation headed by Faysal Salman, chairman and managing director of the Iraqi Mining Enterprise, visited Tunis from 14 to 21 January to sign an agreement involving the purchase by Tunisia of 125,000 tons of Iraqi sulfur for the ICM (Maghreb Chemical Industries). It will be recalled that Tunisia consumes about 800,000 tons of sulfur annually which come principally from Poland, Canada, France and Iraq. During its visit, the Iraqi delegation was also to negotiate another agreement providing for Tunisian technical assistance to Iraq in the chemical industries sector. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 25 Jan 80 p 189] 8143

RAILWAY CARS FROM BRAZIL--Tunisia has ordered 558 railway cars worth a total of \$12 million (about 4.8 million Tunisian dinars) from the Brazilian company, Santa Matilda Industrial Company, Rio de Janeiro. This order by the SNCFT (Tunisian National Railroad Company) will be financed in the amount of 90 percent from a line of credit from Brazil to Tunisia repayable in a period of 30 years and bearing an interest rate of 6 percent. The Brazilian company was given this contract over 34 competing European and Asian companies. One of its directors emphasized to the local press that this contract should open the doors for Brazil to North African and Moslem markets. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 25 Jan 80 p 189] 8143

AIRBUS PURCHASE--During a ceremony on 5 January, in the offices of Tunis Air, a contract was signed by the Tunisian airline company for the purchase of an Airbus A-300, type B 4 200, the first plane of this kind bought by Tunisia. The contract was signed by Ismail Khelil, chairman and managing director of Tunis Air, and Roger Beteille, director of Airbus Industrie. The new aircraft, whose delivery is scheduled for 20 March 1982, will beef up the Tunis Air fleet, which now has 10 airplanes of the B 727 type and two Boeing 737-200. In 1982, Tunis Air's fleet will consist of 10 Boeing 727's and 4 Boeing 737's. Tunis Air has taken an option for a second Airbus deliverable in 1983-1984. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 11 Jan 80 p 73] 8143

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END

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